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April 1, 1998
(Justice)

The following is being distributed at the request of the Consumer Advocate, Dennis M. Browne, Q.C.:

Phase 1 P.U.B. hearings begin April 2, 1998 Consumers should receive rate relief

"The consumers of the province should expect the Public Utilities Board to set a lower rate of return for Newfoundland Power in the current rate hearing," stated Consumer Advocate Dennis Browne.

The Public Utilities Board has ordered Newfoundland Light and Power Co. Limited to appear before a rate hearing to review its rate of return which is currently in the range of 11 per cent.

Browne stated: "Rates must be lowered because of the changing economy. At the conclusion of the 1996 hearing, the long term Canada Bond rate was in excess of eight per cent. In today's market the rate for the long term Canada Bond is 5.75 per cent. Many utilities consider this factor and set their rates of return at three per cent above the long term Canada Bond rate. Newfoundland Power's rate of return therefore should drop below nine per cent. In dollar terms, this could mean a reduction in Newfoundland Power's revenue requirements of approximately \$10 million."

In the result, Browne stated: "Consumers could see a reduction of approximately 2.4 per cent in their electricity bills."

OTHER ISSUES:

Executive Compensation

The board ordered in 1996 that there should be a review of Newfoundland Light & Power's executive and management compensation during the next rate hearing. Browne said: "It is now appropriate therefore to review the executive and management salaries for Newfoundland Power and other compensation received by executives. We will undertake this review on behalf of the consumers during this hearing."

Dennis Browne stated: "We are in the process of assembling a team of experts to deal with all of these issues so that the consumers' position can be put forward in a convincing manner before the Public Utilities Board."

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